

EXHIBIT

INTRODUCTION

Respondent Benjamin S. Elias was an unsuccessful candidate for the California State Assembly, Eighteenth District, during the primary election that took place on June 2, 1998. Respondent Ben S. Elias for Assembly (the "Committee") was Respondent Benjamin Elias' controlled campaign committee. Respondent Armen Elias, wife of Respondent Benjamin Elias, was the treasurer for Respondent Committee.

For the purposes of this Stipulation, Respondents' violation of the Political Reform Act (the "Act")¹ is stated as follows:

Respondents Benjamin S. Elias, Ben S. Elias for Assembly, and Armen Elias failed to file a semi-annual campaign statement for the reporting period May 17, 1998 to June 30, 1998, by the July 31, 1998 deadline, in violation of Section 84200, subdivision (a) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited.

In furtherance of this purpose of disclosure, Section 84200, subdivision (a) requires candidates and their controlled committees to file semi-annual campaign statements each year, not later than July 31 for the reporting period ending June 30, and not later than January 31 for the reporting period ending December 31.

Section 84211, requires candidates and committees to report total contributions received (subdivision (a)), and total expenditures made (subdivision (b)) during each reporting period, along with the cumulative total of contributions received and expenditures made during the period.

Section 82013, subdivision (a) defines a "committee" as any person or combination of persons who directly or indirectly receives contributions totaling one thousand dollars (\$1,000) or more in a calendar year. Section 82016 defines a "controlled committee" as a committee that is controlled directly or indirectly by a candidate or acts jointly with the candidate in connection

¹ The Political Reform Act is contained in Government sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2, Division 6 of the California Code of regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

with the making of expenditures. A candidate controls a committee if the candidate, the candidate's agent, or any other committee controlled by the candidate has a significant influence on the actions or decisions of the committee.

Under Section 84213, it is the duty of every candidate to verify to the best of his or her knowledge that the campaign statements filed by his or her controlled committee are true and complete, and that the committee's treasurer has used all reasonable diligence in the preparation of such campaign statements.

As provided in Section 84100, every committee shall have a treasurer. Under Section 84100 and Regulation 18427, subdivision (a), it is the duty of a committee treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds and the reporting of such funds. Under Sections 83116.5 and 91006, a committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee.

SUMMARY OF THE FACTS

Respondent Benjamin Elias was an unsuccessful candidate for Assembly, Eighteenth District, during the primary election that took place on June 2, 1998. At the time he was running for Assembly, Respondent Benjamin Elias was an incumbent Vice Mayor for Union City. Respondent Benjamin Elias had been elected to the Union City Council in 1993, and had been re-elected for two additional terms prior to the 1998, primary election.

Respondent Committee was Respondent Benjamin Elias' controlled committee. Respondent, Armen Elias was the treasurer for respondent Committee. Respondent Arman Elias also served as treasurer for Respondent Benjamin Elias' three prior city council campaigns.

Failure to Timely File a Semi-Annual Campaign Statement

Under Section 84200, subdivision (a), Respondents were required to file a semi-annual campaign statement by July 31, 1998, disclosing campaign activity by Respondent Committee during the reporting period May 17, 1998 through June 30, 1998. Respondents failed to file this statement by the filing deadline of July 31, 1998, in violation of Section 84200, subdivision (a).

During a post-election audit conducted by the Franchise Tax Board, pursuant to Section 90001, subdivision (c), it was discovered that Respondent Committee received contributions in the amount of \$18,332.00, and made expenditures in the amount of \$19,964.00, during the reporting period May 17, 1998 and June 30, 1998.

Investigator Dan Schek of the Enforcement Division, contacted Respondents on May 2, 2000, and requested that Respondents file a semi-annual campaign statement for the reporting period May 17, 1998 to June 30, 1998. Respondents filed the statement on May 31, 2000.

CONCLUSION

This matter consists of one count that carries a maximum possible administrative penalty of Two Thousand Dollars (\$2,000). The typical stipulated penalty imposed by the Commission for a violation of this kind has historically been \$1,000 per violation. As Respondents' violations in this case are not particularly aggravated, and they promptly filed the campaign statement after being contacted by the Enforcement Division, an agreed upon penalty in the amount of One Thousand Dollars (\$1,000.00) is appropriate.